

ORIGINAL
OPEN MEETING



0000119868

MEMORANDUM

TO: THE COMMISSION

Arizona Corporation Commission

DOCKETED

FROM: Utilities Division

NOV - 9 2010

DATE: November 8, 2010

DOCKETED BY

RE: IN THE MATTER OF THE APPLICATION OF INTEGRA TELECOM HOLDING, INC., ESCHELON TELECOM OF ARIZONA, INC. DBA INTEGRA TELECOM AND NATIONAL BRANDS, INC. DBA SHARENET COMMUNICATIONS COMPANY FOR APPROVAL OF A WAIVER OF THE COMMISSION'S SLAMMING RULES, A.A.C. R14-2-1904 (DOCKET NOS. T-20527A-10-0427, T-03406A-10-0427 AND T-02580A-10-0427)

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AZ CORP COMMISSION
DOCKET CONTROL

Introduction

On October 19, 2010, Integra Telecom Holding, Inc., Eschelon Telecom of Arizona, Inc. dba Integra Telecom (together "Integra") and National Brands, Inc. dba Sharenet Communications Company ("Sharenet") filed an application seeking approval of a waiver of the Commission's Slamming Rules, AAC R14-2-1904. The Applicants seek the waiver, which requires a carrier to have authorization from each subscriber prior to making a change to the subscriber's carrier, in order to execute an Asset Purchase Agreement whereby Integra will purchase the customer base of Sharenet. Additionally, the Applicants requested expedited review in order to close its proposed transaction by the end of November 2010.

The Parties

Integra Telecom Holdings, Inc. is an Oregon corporation headquartered in Portland, Oregon. Its operating subsidiaries, including Eschelon Telecom of Arizona, Inc., provide local and long distance telephone service and high-speed Internet to small and medium-sized businesses in eleven western states. Eschelon Telecom of Arizona, Inc. is a Minnesota corporation and a subsidiary of Integra Telecom Holdings, Inc. The Commission granted Eschelon Telecom of Arizona, Inc. a CC&N in Decision No. 62751, dated July 25, 2000. Eschelon Telecom of Arizona, Inc. has been providing telecommunications services to Arizona's small and medium-sized business for more than ten years.

Sharenet is a corporation organized under the laws of the State of Arizona with its principal place of business in Phoenix, Arizona. The Commission granted Sharenet a CC&N in Decision No. 68489, dated February 23, 2006. Sharenet's CC&N grants the authority to provide resold long distance, resold local exchange, facilities-based local exchange, and alternative operator services in the State of Arizona.

Staff's Analysis

Sharenet currently serves approximately 150 business local exchange service customers, some of whom also subscribe to Sharenet's long distance services. Sharenet does not offer residential service and has no residential customers. The Parties propose to transfer all of Sharenet customers to Integra and seek to close the transaction by the end of November 2010.

The Applicants propose to migrate Sharenet customers to Integra within 30-60 days following receipt of any necessary regulatory approvals and the expiration of the Federal Communications Commission's minimum 30-day period for notice to affected customers. The Applicants propose to begin mailing the customer notice by mid - December 2010. A copy of the proposed customer notice was provided with the application.

The 2009 Annual Reports filed by the Applicants indicate that all Integra affiliates with CC&N authority in Arizona are Class A utilities. Sharenet is not a Class A Utility pursuant to A.A.C. R14-2-103. The Applicants have been found to be in Good Standing and in Compliance by the Customer Service and Compliance Sections of the Commission.

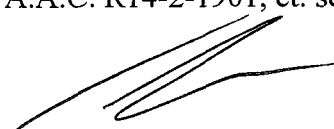
Sharenet is not requesting cancellation of its CC&N to provide long exchange and long distance services at this time. The company wishes to preserve its authority to provide such services.

Staff's Recommendations

Staff recommends approval of the proposed transaction conditioned on the following:

That Integra submit, as a compliance filing, within sixty days of a Commission Decision in this matter, a revised Integra tariff that maintains the terms and conditions currently offered by Sharenet for the customer base being transferred from Sharenet.

Staff also recommends approval of the Joint Applicants' request for a wavier of the Commission's rules pertaining to Consumer Protections For Unauthorized Carrier Changes rules, A.A.C. R14-2-1901, et. seq., for the transaction discussed herein.



Steven M. Olea
Director
Utilities Division

SMO:AFF:lhmkR

ORIGINATOR: Armando Fimbres

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BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES
Chairman
GARY PIERCE
Commissioner
PAUL NEWMAN
Commissioner
SANDRA D. KENNEDY
Commissioner
BOB STUMP
Commissioner

IN THE MATTER OF THE APPLICATION
OF INTEGRA TELECOM HOLDING, INC.,
ESCHELON TELECOM OF ARIZONA,
INC. DBA INTEGRA TELECOM AND
NATIONAL BRANDS, INC. DBA
SHARENET COMMUNICATIONS
COMPANY FOR APPROVAL OF A
WAIVER OF THE COMMISSION'S
SLAMMING RULES, A.A.C. R14-2-1904

DOCKET NOS. T-20527A-10-0427
T-03406A-10-0427
T-02580A-10-0427

DECISION NO. _____
ORDER

Open Meeting
November 22 and 23, 2010
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On October 19, 2010, Integra Telecom Holding, Inc., Eschelon Telecom of Arizona, Inc. dba Integra Telecom (together "Integra") and National Brands, Inc. dba Sharenet Communications Company ("Sharenet") filed an application seeking approval of a waiver of the Commission's Slamming Rules, Arizona Administrative Code ("A.A.C.") R14-2-1904. The Applicants seek the waiver, which requires a carrier to have authorization from each subscriber prior to making a change to the subscriber's carrier, in order to execute an Asset Purchase Agreement whereby Integra will purchase the customer base of Sharenet. Additionally, the Applicants requested expedited review in order to close its proposed transaction by the end of November 2010.

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1 2. Integra Telecom Holdings, Inc. is an Oregon corporation headquartered in
2 Portland, Oregon. Its operating subsidiaries, including Eschelon Telecom of Arizona, Inc.,
3 provide local and long distance telephone service and high-speed Internet to small and medium-
4 sized businesses in eleven western states. Eschelon Telecom of Arizona, Inc. is a Minnesota
5 corporation and a subsidiary of Integra Telecom Holdings, Inc. The Commission granted
6 Eschelon Telecom of Arizona, Inc. a CC&N in Decision No. 62751, dated July 25, 2000.
7 Eschelon Telecom of Arizona, Inc. has been providing telecommunications services to Arizona's
8 small and medium-sized business for more than ten years.

9 3. Sharenet is a corporation organized under the laws of the State of Arizona with its
10 principal place of business in Phoenix, Arizona. The Commission granted Sharenet a CC&N in
11 Decision No. 68489, dated February 23, 2006. Sharenet's CC&N grants the authority to provide
12 resold long distance, resold local exchange, facilities-based local exchange, and alternative
13 operator services in the State of Arizona.

14 4. Sharenet currently serves approximately 150 business local exchange service
15 customers, some of whom also subscribe to Sharenet's long distance services. Sharenet does not
16 offer residential service and has no residential customers. The Parties propose to transfer all of
17 Sharenet customers to Integra and seek to close the transaction by the end of November 2010.

18 5. The Applicants propose to migrate Sharenet customers to Integra within 30-60
19 days following receipt of any necessary regulatory approvals and the expiration of the Federal
20 Communications Commission's minimum 30-day period for notice to affected customers. The
21 Applicants propose to begin mailing the customer notice by mid – December 2010. A copy of the
22 proposed customer notice was provided with the application.

23 6. The 2009 Annual Reports filed by the Applicants indicate that all Integra affiliates
24 with CC&N authority in Arizona are Class A utilities. Sharenet is not a Class A Utility pursuant
25 to A.A.C. R14-2-103.

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8. The Applicants have been found to be in Good Standing and in Compliance by the Customer Service and Compliance Sections of the Commission

That Integra submit, as a compliance filing, within sixty days of a Commission Decision in this matter, a revised Integra tariff that maintains the terms and conditions currently offered by Sharenet for the customer base being transferred from Sharenet.

11. Staff recommends approval of this Application with the conditions stated herein.

1. The Applicants are public service corporations within the meaning of Article XV of the Arizona Constitution and A.R.S. § 40-285.

3. The Commission, having reviewed the filing and Staff's Memorandum dated November 8, 2010, concludes that it is in the public interest to approve the proposed waiver of the Commission's Slamming rules, A.A.C. R14-2-1904, for the transaction discussed herein.

IT IS THEREFORE ORDERED that the application of Integra Telecom Holding, Inc., Eschelon Telecom of Arizona, Inc. dba Integra Telecom and National Brands, Inc. dba Sharenet Communications Company seeking approval of a waiver of the Commission's Slamming Rules, A.A.C. R14-2-1904 be and hereby is approved, for the transaction discussed herein.

Decision No.

1 IT IS FURTHER ORDERED that Integra submit, as a compliance filing, within sixty days
2 of a Commission Decision in this matter, a revised Integra tariff that maintains the terms and
3 conditions currently offered by Sharenet for the customer base being transferred from Sharenet.

4 IT IS FURTHER ORDERED that this Decision become effective immediately.

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6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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8 _____
CHAIRMAN

COMMISSIONER

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COMMISSIONER

COMMISSIONER

COMMISSIONER

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13 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
14 Executive Director of the Arizona Corporation Commission,
15 have hereunto, set my hand and caused the official seal of
16 this Commission to be affixed at the Capitol, in the City of
17 Phoenix, this _____ day of _____, 2010.

18 _____
19 ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

20 DISSENT: _____

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22 DISSENT: _____

23 SMO:AFF:lhmkR
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1 SERVICE LIST FOR: INTEGRA TELECOM HOLDING, INC., ESCHELON TELECOM OF
2 ARIZONA, INC. DBA INTEGRA TELECOM AND NATIONAL
3 BRANDS, INC. DBA SHARENET COMMUNICATIONS COMPANY
DOCKET NOS. T-20527A-10-0427, T-03406A-10-0427 AND T-02580A-10-0427

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